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SUBJECT: UKRAINE: YUSHCHENKO AND YANUKOVYCH FIND COMMON
GROUND -- TYMOSHENKO DEFEAT

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Classified By: Political Counselor Colin Cleary for reasons 1.4 b,d.

Summary

¶1. (C) During an hour-long speech November 23 to kick off his re-election campaign, President Viktor Yushchenko outlined his vision of a Ukraine that would be "free, fair and strong" with him at the helm for another five years. He appealed to western-minded Ukrainians by promising EU membership, Euro-Atlantic cooperation, and internal reforms to combat corruption and strengthen the economy. Political insiders, however, argue that Yushchenko is really focusing on the possibility of early parliamentary elections next year. As the theory goes, by placing third in the first round of presidential elections, Yushchenko would position the Our Ukraine party (or at least the part of it still allied with him) to emerge from Rada elections with a large enough bloc to be a key swing faction. This might also give Yushchenko a shot at the Prime Minister's seat. To do so, he has allegedly agreed to collaborate with Party of Regions head Viktor Yanukovich to keep PM Yuliya Tymoshenko out of the presidency. End summary.

I'm Viktor Yushchenko, and I'm Running for President

¶2. (SBU) After his planned November 1 rally was canceled when PM Tymoshenko declared a nationwide quarantine in response to a swine flu outbreak, President Yushchenko finally declared publicly his candidacy for a second term as president November 23 and outlined his platform. Dubbed "Free, Fair and Strong Ukraine," the plan focuses on the President's goal to continue strengthening Ukraine's sovereignty, integrity, economic prosperity and military. In a speech that lasted just over an hour, Yushchenko listed for an audience of close to 600 supporters, diplomats, NGO representatives and journalists his major accomplishments during his first term as president while outlining his plans for the next five-year term. The event also televised speeches from supporters who had assembled on Independence Square in Kyiv, as well as in Lviv, Dniepropetrovsk and Odesa.

Vote for Yushchenko, and Ukraine Will Be...

¶3. (SBU) Relying heavily on images reminiscent of the 2004 Orange Revolution, President Yushchenko touted himself as the only candidate who truly represents the interests of an independent and sovereign Ukraine. He declared that his second term in office is necessary to continue the work started during the demonstrations on the Maidan (the Orange Revolution) in 2004. His plan, he claimed, "seeks to unite rather than divide, build rather than destroy, and persuade rather than coerce the citizenry."

...Free...

¶4. (SBU) The theme of freedom and independence dominated Yushchenko's speech, the comments of supporters and the campaign ads that were broadcast during the event. Yushchenko vowed to strengthen Ukraine's independence and sovereignty by implementing a number of electoral and government reforms intended to improve the democratic process and reduce corruption, such as abolishing the immunity of MPs, judges and the President. He also pledged to unify the Ukrainian Orthodox Church under one patriarch. Internationally, Yushchenko promised to realize Ukraine's goal of full membership in the EU. While he did not use the word "NATO" in his speech, he also vowed to strengthen the "Euro-Atlantic system of collective security" and to remove the Russian Black Sea Fleet from Ukrainian territory in 2017. He pledged to conduct an active dialogue with all neighbors on the basis of equality, "good neighborliness" and mutual respect.

...Fair...

¶5. (SBU) Yushchenko touted the importance of the rule of law and transparency in everything from pension and salary determination and tax valuations to government assistance for mothers and children. In pure populist form, he promised to rid the pension and taxation systems of graft and pandering to special interests, and to create a luxury tax for items such as villas, yachts and limousines to shift the tax burden to the rich. He referred to his recent signing of the social spending bill (reftel) as a "moral obligation" to bring the

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poorest citizens' standard of living up to a reasonable level.

...and Strong.

¶6. (SBU) Yushchenko claimed success for his economic programs as President and earlier as the head of the Central Bank, which included stabilizing the Ukrainian hryvnya's value, decreasing inflation and attracting foreign direct investment (FDI). In his next term, he vowed to overhaul the taxation system to provide incentives to investors, and to create programs for labor mobility and trade-specific education. With regards to energy, Yushchenko vowed that Ukraine would achieve energy security through integration into the European gas supply system. At the same time, he pledged to increase the share of Ukrainian oil and gas in the energy supply while promoting energy conservation. Yushchenko also vowed to continue his reform of the military to make the Ukrainian Armed Forces a powerful, professional contract-based service. Yushchenko concluded with his much-ballyhooed Constitutional reform project, which he pledged to bring to the Rada; if a new Constitution were not adopted within 100 days, he would dissolve the Rada and call snap elections with a simultaneous referendum on his proposed changes.

Looking Ahead to Parliamentary Elections

¶7. (C) According to numerous Embassy contacts, Yushchenko has shifted his strategy from winning the presidency to placing third (ahead of Front of Change head Arseniy Yatsenyuk) in the first round of the presidential elections. To do so, many pundits allege, he has struck a deal with Party of Regions head Viktor Yanukovich to cooperate on both legislation (such as the social spending bill) and campaign message (that is, PM Tymoshenko is unfit to hold office) to keep the Prime Minister from winning the presidency. If Yushchenko could finish third on January 17, the theory goes, the Our Ukraine (OU) party -- or the portion of it still allied with him -- would be positioned to remain a viable faction after the next Rada elections. Yushchenko himself would gain a seat in Parliament and -- as head of a swing

faction -- a shot at becoming Prime Minister.

18. (C) Our Ukraine - People's Self Defense (OU-PSD) MPs told us that the faction's recent leadership battle was a result of behind-the-scenes efforts by groups within the faction, both loyal to and opposing Yushchenko, to facilitate or prevent such cooperation with Yanukovych. While part of OU-PSD has made it clear that they back Tymoshenko in the elections, some of its MPs told us they have agreed not to make public statements criticizing Yushchenko or support any legislation in the Rada that would limit his powers.

Welcome to Ukraine, Where Anything is Possible

19. (C) Comment: Yushchenko's campaign platform is filled with impossible promises and populist rhetoric designed to portray him as the defender of freedom, western ideals, and the common citizens of Ukraine against foreign influence, Russian encroachment and oligarchic greed and corruption. Earlier we had heard Yushchenko might drop out of the race in December to avoid a humiliating result. With the apparent collapse of former Rada Speaker Yatsenyuk's challenge to Tymoshenko for second place, however, Yushchenko appears to be going for young professionals and undecided voters who had, until recently, leaned toward Yatsenyuk. Whether Yushchenko can pull off a resurrection and come in third remains to be seen. However, as one NGO representative commented after the November 23 rally, "we are, after all, in Ukraine, where anything is possible."
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